United Nations E/2017/SR.27

# Economic and Social Council

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**2017 session**
28 July 2016-27 July 2017
Integration segment

**Summary record of the 27th meeting**
Held at Headquarters, New York, on Wednesday, 10 May 2017, at 10 a.m.

*President:* Mr. Munir (Vice-President) ..... (Pakistan)

## Contents

Agenda item 8: Integration segment (*continued*)

*Panel discussion: "Eradicating poverty in Africa"*

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17-07551 (E)

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*In the absence of Mr. Shava (Zimbabwe), Mr. Munir (Pakistan), Vice-President, took the Chair.*

*The meeting was called to order at 10.10 a.m.*

**Agenda item 8: Integration segment** (*continued*)

*Panel discussion: "Eradicating poverty in Africa"*

1. **Mr. Hamam** (Director, Office of the Special Adviser on Africa), moderator, said that the session was timely, as it had convened against the background of intensified efforts by the United Nations and the African Union to implement the 2030 Agenda for Sustainable Development and the African Union's Agenda 2063: The Africa We Want, both of which called for the eradication of poverty in all its forms and both of which promoted a people-centred approach. As the implementation of those Agendas moved forward, the silo approach was no longer an option for eradicating poverty.

2. In order to realize the goal of leaving no one behind, success must be achieved in Africa, the continent that faced the world's greatest development challenges. Africa was the only region of the world that had not achieved Millennium Development Goal 1 of halving poverty, and, according to the World Bank, half of the world's poor lived in Africa. Hundreds of millions of Africans had no access to adequate sanitation or safe drinking water. In addition, drought, desertification and other climate issues continued to have a severe impact on food and security.

3. Socioeconomic progress had nevertheless raised hopes that Sustainable Development Goal 1, eradicating poverty, could be achieved. Sound micro- and macro-economic management and an improved business environment through political stability had contributed to unprecedented economic growth on the continent. Furthermore, the middle class was growing and there were efforts to improve natural resource management and promote industrialization with a view to driving economic transformation and expanding economic opportunities, especially for women and youth.

4. Poverty eradication was being mainstreamed into national policy and there were ongoing efforts by the African Union, the regional economic communities and the United Nations system to integrate both Agendas into national development strategies. The First Ten-Year Implementation Plan of Agenda 2063 placed a priority on improving the standard of living of all Africans through job creation, agricultural development and food security. The Implementation Plan also aimed to reduce the 2013 poverty level and the proportion of the population suffering from hunger by 2023. The importance of international support for such national efforts could not be overemphasized, and funding should be obtained through official development assistance (ODA) and other commitments, including those related to curbing illicit financial flows.

5. **Mr. Lehohla** (Statistician-General, South Africa), panellist, said that there were development success stories in Africa, one of which had taken place in South Africa. Universal access to electricity and good access to water had been achieved by 2016, and multidimensional poverty had been reduced in various municipalities, including Msinga municipality. However, poverty intensity was a stubborn problem that remained to be solved even though the number of individuals in poverty had been reduced. Increasing unemployment posed a key challenge to integrated poverty reduction. It had also proven difficult to increase years of schooling, which meant that it would be difficult and perhaps impossible to transform the youth bulge into a demographic dividend in South Africa.

6. There had been discussion of leveraging development partners, but Africa must first leverage itself. The first step would be to stimulate trade in Africa. Data on price levels showed geographical discrepancies, with levels in the south several times higher than the South African national average. Such discrepancies should be rationalized based on an examination of the data, which should also be used to rationalize trade blocs. The trade blocs that existed in 2017, such as the Southern African Development Community and the Common Market for Eastern and Southern Africa led to higher prices because of differences across tariff regimes. Data from the International Comparison Program, led by the African Development Bank, was unfortunately not being used by African countries or organizations such as the African Union. That data compared the prices of thousands of products including millet meal, rice and health consumption, and could point to areas where production should be increased.

7. Poverty could not be alleviated without planning, and planning required statistics. Planning departments must start to adopt modelling based on sound data. Africa had adopted the Strategy for the Harmonization of Statistics in Africa, and among its key priorities was a focus on measuring governance, peace and security. Another African initiative had been the creation of the Africa Symposia on Statistical Development in 2005, which focused on civil registration and vital statistics. Agenda 2063 could only be successful if credible and

accurate data existed. In 2010, 50 out of 54 African countries had carried out a census, but there were fears that the momentum would not be sustained. Nigeria, for example, had postponed its 2016 census.

8. **Ms. Ovonji-Odida** (Chair, International Board of ActionAid International and member of the High-level Panel on Illicit Financial Flows from Africa), panellist, said that in discussions of African issues, the solutions proposed were internal to Africa. However, it was also important to consider Africa's situation in terms of relationships and exogenous factors and examine how those impacted Africa. From speaking to citizens, there was a sense that the system was not broken, but rather, the system delivered what it was meant to deliver. Africa presented a paradox in that the continent was rich in resources but home to the poorest people on the planet. Given that Africa was blessed with great natural endowments such as minerals, land and water, it was pertinent to wonder why it was at the bottom of the heap.

9. There should be a change in the narrative, with Africa's problems reconceived in terms of impoverishment instead of poverty, and with an examination of the systems, practices and policies that led to the prevailing situation. The narrative should shift from discussions of wealth to discussions of exploitative relationships. The issue of illicit financial flows provided an example in that regard, because when the drivers of that phenomenon were examined, systemic patterns emerged that generated wealth in certain places but impoverishment in others. Discussions of impoverishment should address its root causes, including massacres and gender-based violence aimed at displacing residents so that their resource-rich land could be exploited.

10. Mechanisms for alleviating poverty were available at various levels, including United Nations tools such as the Stolen Asset Recovery Initiative for combating illicit financial flows. Such mechanisms could be used to reduce imbalances, but the system itself must also be addressed. The United Nations system could be used to support ethical norms that promoted fair taxation and to ensure that the global financial system did not impoverish poorer countries.

11. Governments should be urged to adopt and implement the recommendations of the Report of the High-level Panel on Illicit financial Flows from Africa, which had been commissioned by the African Union and unanimously adopted by the African Union summit. However, implementation had been carried out largely in non-State spaces. Therefore, Governments must go beyond rhetoric and take effective action on issues such as managing and controlling the leakage of natural resources. Statistics and data could play a role in controlling and regulating the practices of multinational corporations, and parliaments must have the ability to exercise oversight so as to protect the interests of citizens.

12. **Ms. El Bakri** (Member, High-level Panel on Illicit Financial Flows from Africa and member, the Inspection Panel of the World Bank), panellist, said that a lack of resources was one of the key challenges for integrated policy-making for poverty eradication in Africa. Traditional sources of development finance were shrinking for a number of reasons, and a financing model that could address future reductions in funding was urgently needed.

13. While the African economy showed signs of recovery, with a slight increase in projected growth for 2017 over 2016, growth remained below the population growth rate. Furthermore, that growth was uneven, differing from country to country. Commodity prices, especially for extractives, had fallen to extremely low levels. While inflation had decelerated and exchange rates had stabilized, fragility and conflict continued to pose major threats. Climate challenges had brought major droughts and famine back to East Africa.

14. In order to reduce poverty, resources were needed in three particular areas. First, growth in labour-intensive activities should be fostered. Second, investment was needed in education and health care. Third, mechanisms should be created to prevent people from falling back into poverty. There had been improvements in East Africa, for example, but the famine meant that people were falling behind.

15. Public spending should be made more efficient in order to safeguard those resources. A sound environment for private sector investment should be created, particularly through de-risking of African countries. Policies should favour inclusive and sustainable growth, with a greater emphasis on the agricultural sector. Domestic resource mobilization should be strengthened, policies should be enacted to combat illicit financial flows, and special attention should be paid to situations of fragility, conflict and violence, with an emphasis on preventive measures. Resources should come from a variety of sources, including official development assistance and new development partners, especially philanthropic organizations. Resources could also be obtained by reversing illicit financial flows and from the domestic and international private sector.

16. Illicit financial flows from Africa had increased threefold between 2001 and 2012. Such flows had an

impact on development because they represented lost tax revenue, savings and investment in various economic sectors in Africa. The nature of the actors involved in such illicit flows and the cross-border nature of the phenomenon meant that they were a politically important issue requiring coordination at the highest level. Most African countries were constrained in their ability to track illicit financial flows because they lacked accurate data and because of ineffective legislative, regulatory and institutional frameworks. Better coordination was needed globally to address illicit financial flows, especially across United Nations processes.

17. **Mr. Mmari** (Executive Director, Policy Research for Development and member, Southern Voice), panellist, said that Sustainable Development Goal 1 was broad, addressing issues of social protection, equity in education and health, the right to economic opportunities and ownership of key assets such as land. Strengthened resource mobilization was critically important for the realization of that Goal in Africa. Official development assistance should not be cut as a result of the strong gross domestic product (GDP) growth seen in some countries: that indicator was misleading and cutting that funding would set Africa back for a long time.

18. The prosperous Africa envisioned in Aspiration 1 of Agenda 2063 was very much in line with Goal 1 of the 2030 Agenda, and the prospects for achieving those aims were favourable. Southeast Asia in particular could be used as a model. That region had achieved high productivity within three decades and had undergone industry-led structural change and a significant reduction in poverty, particularly in Viet Nam and China. Some parts of Africa, such as Ethiopia and Tanzania, had likewise witnessed high growth momentum while uncertainty and declining growth rates were experienced elsewhere in Africa and the world.

19. Many challenges nevertheless remained. Structural transformation in Africa had been slow, as most of the population had been locked into the low-productivity agricultural sector and the informal economy. Changing demographics had resulted in a youth bulge that would not necessarily lead to a demographic dividend because of low investment in skill development. Technology and infrastructure gaps still needed to be addressed.

20. When addressing poverty in Africa, the first strategic consideration should be acceleration of agricultural and rural transformation. Farm-level productivity should be improved to ensure that smallholders had access to new technology. Agricultural markets needed to be strengthened and producers should be integrated into global value chains, which were increasingly driven by buyers located in advanced economies. Economic diversification should be prioritized, and smallholders should be encouraged to move into value-added areas of agricultural production. The second strategic consideration was industrialization. Certain countries, like Tanzania, aspired to industrialization-driven economic transformation and promoted adding value over the export of raw materials. Supportive trade policies were needed, as standing policies did not facilitate the access of African-made goods to lucrative global markets.

21. The informal sector was a major component of African economies, which had seen a move away from agricultural production. That labour was being channelled into the informal sector, however, and not into industry. Therefore efforts should be made to raise informal sector productivity, to reduce its risks, to eliminate biases toward it and to help it formalize organically. Investment in skill development was critical to transforming the informal economy, and political governance should be more responsive to informal sector operators.

22. **Mr. Monthe** (Observer for Cameroon), speaking on behalf of the African Group, said that over half of the population in 46 African countries suffered from acute multidimensional poverty. The task of eradicating such poverty was becoming more difficult in the face of extreme economic inequality and climate change, and legitimate concerns were being raised about financial commitments to Africa's development efforts.

23. African countries were devising their own strategies to eradicate poverty. Agenda 2063 aimed at ensuring that no part of the continent was left behind, an effort that would require the structural transformation of African economies. The most effective way to strengthen the manufacturing sector was to focus on value-added commodities rather than continuing to export raw materials. Africa's regional trading architecture was being transformed in order to exploit economic complementarities and economies of scale, and a Continental Free Trade Area was being pursued.

24. Inadequate infrastructure was a major impediment to productivity in African economic sectors, and infrastructure flagship projects therefore must be fast-tracked. Energy development in Africa had not kept pace with rising demand, which had

placed a strain on household, industry and business productivity across the continent. There was also a dire need to strengthen Africa's institutions and its data-collection and statistical systems, and the entrepreneurial capacity of the private sector, including smallholder farmers, should be nurtured.

25. Sustainable development and structural economic transformation should be human-centred. Human capital development and capacity building were critical, cross-cutting and multidimensional issues. By 2050, Africa would have the largest and most youthful workforce and must immediately begin promoting education, science and technology research and innovation, job creation and health and social services.

26. The effects of climate change on the continent had been devastating. The onset of drought, desertification and land degradation severely curtailed and derailed development prospects, and even threatened to roll back the gains of the previous two decades.

27. **Mr. Dennis** (Observer for Liberia) said that the Report of the High-level Panel on Illicit financial Flows from Africa was the key to Africa's development and industrialization. Although African leaders had adopted the report, they were unfortunately not taking any action to implement it. African experts and leaders could draw on widely available development data and on the histories of other countries and continents to help formulate a new narrative for Africa's development around issues such as trade. In recent years, international trade had facilitated development, but that was no longer the case.

28. Given that Africa was a large continent, its development would be difficult, requiring strong international relations, cooperation, good governance and transparency. The international community must help Africa, and African leaders and experts must bring about a new narrative to ensure development through agricultural transformation and industrialization. Although some African economies were growing, that growth was not yet strong enough to eradicate poverty or reduce unemployment.

29. He asked what Africa could do to change mentalities — which formed the bedrock of the 2030 Agenda — in order to ensure meaningful change. Stopping corruption in Africa would lead to transformations in other sectors such as education, health and capacity-building. As they were closer to policymakers, he asked the panellists to comment on how African attitudes towards trade, which no longer contributed to development, could be modified.

30. **Ms. Saran** (South Africa) said that poverty eradication was compulsory for the achievement of the 2030 Agenda and had likewise been reaffirmed as a top priority by the 2017 high-level political forum on sustainable development. However, the ever-changing global context posed a number of challenges that must be taken into account, especially the worldwide economic downturn, climate change and the resource constraints caused by the depletion of natural resources, environmental degradation and pollution.

31. The recognition in the 2030 Agenda that the highest poverty rates continued to exist in sub-Saharan Africa resonated well with the roadmap for African development, Agenda 2063: The Africa We Want. The Sustainable Development Goals were being implemented concurrently with the first 10-year implementation plan for Agenda 2063 and supported at the regional level by the Programme for Infrastructure Development in Africa as well as the regional economic commissions.

32. With regard to determining what policies would best eradicate poverty and what obstacles might prevent or decelerate sustainable development, she underscored the importance of ODA . The fight against illegal financial flows from Africa must be at the forefront of international efforts for development financing.

33. To implement both the 2030 Agenda and Agenda 2063, timely and reliable data and statistics were essential for Governments and other relevant stakeholders to take appropriate actions. The Cape Town Global Action Plan for Sustainable Development informally launched at the United Nations World Data Forum in January 2017 addressed the need for the enhanced capacity-building of a national statistics offices and the importance of examining the role of global governance and statisticians-general.

34. She asked the panellists to describe the degree of cooperation between African Governments and United Nations agencies that published statistics on social and economic issues on the continent and what elements Africa should prioritize to change its development narrative. Joint collaboration was needed among all African States. The United Nations must appropriately channel support towards the 2030 Agenda and Agenda 2063.

35. **Mr. Hamam** (Director, Office of the Special Adviser on Africa) said that although domestic resource mobilization was important, the necessary resources were not where they were supposed to be. The root cause of the problem was known and yet the world was not acting to recoup the funds lost through

illicit financial flows, which would be greater than current ODA levels. Although growth was high and sustained in many African countries, unemployment remained a problem. African countries were rich in land and resources and yet were home to the highest poverty levels in the world.

36. **Mr. Lehola** (Statistician-General, South Africa) said that Africans were good at value creation but not at value appropriation; others were appropriating the value created in Africa. When seismic changes occurred externally, they left Africans poorer and facing even larger political problems. African leadership must seek to understand the role of planning and integration, especially with regard to trade policies and countering illicit financial flows.

37. All countries that had progressed with regard to poverty eradication had utilized data to improve their development planning. He hoped that all Africans would be counted during the 2020 World Population and Housing Census Programme. In previous iterations of the census, many countries on the continent had not provided data.

38. **Ms. Ovonji-Odida** (Chair, International Board of ActionAid International and member of the High-level Panel on Illicit Financial Flows from Africa) said that in feminist spaces, it was often argued that whatever was not counted did not count. That applied not only to the unpaid care economy but across the board. Africans must be counted by the census so that they would factor into plans, projects and models.

39. Africa must transition from producing documents, reports and policy statements to actually applying polices on the ground. Africa had been on the receiving end of many economic and development theories, which often did not reflect the actual path to development used by rich countries. It was necessary to determine which trade, fiscal, and taxation policies had in fact permitted the industrialization and economic growth of developed countries and whether those same policies could still be relevant. The development model for African countries should be informed by what had been done in other countries rather than relying on theories.

40. There were currently a number of good initiatives for regional integration across Africa. The challenge was that other processes sometimes threatened those initiatives. When deciding whether to sign up for economic partnership agreements, African countries must consider any potential conflicts with their national and regional agendas.

41. The primary drivers of illicit financial flows were commercial malpractice, such as transfer pricing, trade misinvoicing and unfair concessionary agreements in the extractive industries. It was estimated that $ 60 billion were lost each year in those illicit flows, with some studies even putting the figure at $ 1 trillion. There had been much emphasis placed on domestic resource mobilization and ODA. However, emphasizing those two sources of revenue without plugging the leak in the system that illicit financial flows represented was pointless. It was necessary to look at African countries' treatment of foreign investment and multinational corporations on its territory. Criminal practices (including drug and human trafficking) accounted for about 30 per cent of all losses; some of that activity was linked to commercial malpractice. African countries should change their priorities to address that issue.

42. In the past, African Governments had applied certain development approaches that led to positive development and inclusive growth, with great potential for the future. However, the current situation called for congruence between words and actions, as well as political leaders who were willing to put the development of the collective first, even at the cost of personal and political gain.

43. Meanwhile, it was necessary to support the mobilization of workers and other actors whose interests were directly affected by such issues and whose commitment was thus absolute. Direct stakeholders could act as a bridge and buttress Government attempts to engage the international system. Conflicting interests in international trade had led to the undermining of institutions like the United Nations. African Governments must therefore work with citizens, recognize such conflicts and clarify their own agenda.

44. **Ms. El Bakri** (Member, High-level Panel on Illicit Financial Flows from Africa and member, the Inspection Panel of the World Bank) said that according to the Report of the High-level Panel on Illicit Financial Flows from Africa, actions must be taken at many different levels to combat illicit financial flows. As the issue of illicit financial flows involved Governments, international partners and various cross-border elements, it should first and foremost be treated as a political matter. However, weak regulatory environments and institutions as well as limited capacities in terms of data collection made it easier for illicit financial flows to occur in the first place; thus, specific national situations must also be taken into account. The fact that resources in Africa mainly came from the extractive sector made it easier

for illicit financial flows to take place, compared to agriculture, for instance. Combatting such flows must take different forms at the country, regional and international levels. Corruption meant that many African leaders were not taking the report as seriously as they should. However, the report should still be promoted in various forums.

45. **Mr. Hamam** (Director, Office of the Special Adviser on Africa) asked whether a follow-up mechanism would examine the implementation of the recommendations contained in the Report of the High-level Panel on Illicit Financial Flows from Africa.

46. **Ms. Ovonji-Odida** (Chair, International Board of ActionAid International and member of the High-level Panel on Illicit Financial Flows from Africa) said that unfortunately, the African Union, which had unanimously adopted the report, had not included a requirement for annual follow-up by Governments. Discussions on the matter were generally occurring outside of State spaces; the United Nations Economic Commission for Africa was attempting to promote the report. More systematic reporting on illicit financial flows should be undertaken at the African Union level, so that national Governments would be galvanized to prioritize the issue.

47. **Mr. Lehola** (Statistician-General, South Africa) said that within the statistics community, much was happening at the Organization for Economic Cooperation and Development (OECD) level. One of the priorities was creating mirror accounts for all exports.

48. **Mr. Mmari** (Executive Director, Policy Research for Development and member, Southern Voice) said that it was important to implement accountable, inclusive and people-centred governments in Africa that would promote inclusive development. While Africa was witnessing increasing levels of intraregional trade, it was still too low with regard to the total trade potential in the region. Poor intraregional infrastructure meant that it cost more to fly from Tanzania to Senegal than to fly from Europe to Africa.

49. The international community must change how it addressed development issues: trade policies, strategic alliances and financing conditions in particular must support rather than undermine African efforts at becoming competitive. As long as highly industrialized countries provided massive subsidies to their producers to protect their industries, Africa would never be able to compete. Therefore, an attitude change must occur on both sides of the trade relationship.

50. **Mr. Vestrheim** (Norway) said that curbing illicit financial flows held great potential for domestic resource mobilization and was a prerequisite for an integrated approach to poverty eradication. Domestic resource mobilization was the primary source of development finance and the most important vehicle to eradicate poverty by 2030. In that regard, well-established tax systems, solid regulations, good governance and transparency were crucial.

51. The international community was increasing its efforts in Africa, in particular with regard to domestic resource mobilization and taxation. More help in combating illicit financial flows was needed, however. Multilateral financial institutions were conducting important work on international taxation and illicit flows, including through the inter-agency Platform for Collaboration on Tax, which provided valuable coordination at the global level.

52. He asked how the panellists envisioned the illicit financial flows agenda moving forward in Africa, what the most efficient measures to accelerate that agenda were, and how the international community and multilateral institutions could best contribute.

53. **Mr. Sanfey** (Ireland) said that his country focused its development efforts on sub-Saharan Africa. Mentioning the fact that certain African leaders had been in power since the late 1970s, he asked for the panellists' views on political term limits as a way to improve leadership and accountability. With regard to the desire for labour-intensive growth in Africa he wondered whether that went against the shift towards robotics observed in Western countries. Reacting to the issue of unproductive trade blocks in Africa and drawing on his previous work on the economic partnership agreements, he sought input on how the latter should be reconstituted.

54. It was necessary to learn from other national experiences. Japan was a fascinating case of a country that did not have many geographical assets or natural resources, but which had relied on the literacy of its people as a valuable resource for development.

55. With regard to the difficulties involved in intra-African transit, he asked why a budget airline like those in Europe had not been launched, even despite differences in national context.

56. **Mr. Mabhongo** (Observer for the International Atomic Energy Agency (IAEA)) asked how feasible it was for Africa to continue to invest in labour-intensive activities to drive growth, given the rise of robotics, automation, and artificial intelligence. In South Africa, when labour strikes occurred, some companies

threatened to bring in robots to perform the jobs normally performed by union members. The sectors that could offer opportunities for labour-intensive growth should be identified.

57. **Mr. Mebarki** (Nigeria) said that the global economic and financial system had been rigged against Africa for over a century. The different countries across the continent moreover had different experiences that influenced their economic and political status and their pace of development. The role of the United Nations and international cooperation was to ensure that no one was left behind. There should be a radical approach to correcting the current imbalance. Although both the African Union and the United Nations had made great efforts in implementing the report of the High-level Panel on Illicit Financial Flows from Africa, multinationals continued to deliberately undermine African development and pit Africans against each other. Political solutions were needed that went beyond just Africa. The nature of diplomacy meant that a problem in any country or region was a global problem: the United Nations and the Economic and Social Council must therefore work together to address African issues.

58. **Mr. Bolaji** (Algeria) said that the constant prioritization of domestic resource mobilization at all costs was problematic. Although Africa was rich as a continent, its resources were unevenly distributed. He challenged the notion that domestic resource mobilization was possible everywhere. National financing capacity could only be envisioned when there was sustainable growth. International trade had variable effects on economic growth, and did not always support budding industries; in fact, in many cases, international trade had a negative impact on national industries and employment. Africa could also be called a poor region, on account of its massive financial losses through illicit financial flows. The way that many of the region's problems were addressed was sometimes biased.

59. **Mr. Lehohla** (Statistician-General, South Africa) said that statisticians were not currently fulfilling their role as technocrats well enough. They had not yet created platforms that policymakers could appropriate in trade policies.

60. Although the global imbalance against Africa was not new, it had not yet been addressed. There would be dire consequences if no multilateral actions were taken to ensure that the value created in Africa was also appropriated there. The Paris Declaration for Aid Effectiveness was being violated every day by parallel structures and pan-African institutions were powerless to act. Africans had a greater responsibility to take action.

61. More in-depth analysis was needed to organize trade blocs. While variable geometry did sometimes occur in global value chains, geographical contiguity had repeatedly proven to be a core driver of industrial development. Lack of coherence and contradictions with regard to economic partnership agreements were also a problem.

62. The African Peer Review Mechanism stood out for its significant influence on peace and security indicators. Africans did not currently realize the value that it could bring to the table.

63. **Ms. Ovonji-Odida** (Chair, International Board of ActionAid International and member of the High-level Panel on Illicit Financial Flows from Africa) said that Africa needed individual leaders that could drive and champion processes on systemic issues and development growth.

64. Although illicit financial flows disproportionately affected Africa, they were nonetheless a global problem; a framework to combat base erosion and profit shifting had therefore been developed by OECD. However, the BEPS framework had not been developed through an inclusive process, and many of the solutions reflected only the interests of OECD countries. The multilateral system must include more open and democratic processes, so that African countries were included. International financial institutions must support the multilateral system.

65. Multinationals accounted for about 60 per cent of illicit financial flows; more regulation and transparency were therefore needed, including about where companies were registered. Business regulations must be beneficial to both developed and developing countries.

66. The system was not broken: it was merely performing the way it was built to perform. To change trade, finance and tax rules, countries must focus on shared longer-term benefits rather than on their short-term competing agendas. North and South Governments did in fact share common interests, as all problems were now interconnected.

67. Periodic changes in leadership and term limits were necessary to regenerate political ideas and institutional capacities. It was necessary to invest in the continent's youth, which was a source of wealth rather than a problem to be solved.

68. **Ms. El Bakri** (Member, High-level Panel on Illicit Financial Flows from Africa and member, the

Inspection Panel of the World Bank) said that investment in labour-intensive growth should also be accompanied by skills development for the poor and measures that would prevent people from falling back into poverty. Taken together, those three dimensions could address the issue of automation and find a sustainable path out of poverty.

69. Multilateral development banks and international financial institutions should undertake to support national capacity-building, with a view to developing better data collection systems, stronger institutions and stricter regulatory environments.

70. **Mr. Sanfey** (Ireland) asked whether it was the fault of Western countries that intra-African travel remained costly and inefficient.

71. **Mr. Mmari** (Executive Director, Policy Research for Development and member, Southern Voice) said that there had been many attempts to solve the problem of intra-African travel through the use of both private and State-owned airlines. However, air travel was an industry that relied heavily on volume and was very sensitive to the global economic cycles of boom and bust. Throughout the world the airline industry had witnessed much consolidation in recent years, with major airlines grouping together to take advantage of their shared volumes. As African travel volumes remained low, many African airlines found it difficult to break even. The question of intra-African travel was incredibly complex but would no doubt be solved in time.

72. **Mr. Lehohla** (Statistician-General, South Africa) said that Africa must reimagine itself: the world would not admit that it owed Africa anything. Africa had more responsibility than the West to ensure that no one on the continent was left behind.

73. **Ms. Ovonji-Odida** (Chair, International Board of ActionAid International and member of the High-level Panel on Illicit Financial Flows from Africa) said that Africa had many available resources but it needed leaders that respected priorities and combined political and technical solutions.

74. **Mr. Mmari** (Executive Director, Policy Research for Development and member, Southern Voice) said that in order to eradicate poverty, Africa needed accountable and responsive governments supported by strong cooperation from the international community.

75. **Mr. Hamam** (Director, Office of the Special Adviser on Africa) said that the multidimensional nature of poverty must be addressed through an integrated, comprehensive approach. Accurate, timely data were necessary for good planning to tackle poverty and related challenges like unemployment. Africa must change its narrative, moving away from a discussion of poverty to addressing impoverishment, including as a result of illicit financial flows. Leadership and commitment were crucial to integrating poverty eradication objectives into policymaking. A lack of resources was one of the main challenges to integrated policymaking. A sustainable model of financing was needed that could foster the growth of labour-intensive activities, support investments in health and education, and prevent individuals from falling back into poverty. Domestic resource mobilization must be maximized by promoting intra-African trade. African countries and their development partners must implement the recommendations of the report of the High-level Panel on Illicit Financial Flows from Africa and mainstream it into national development plans.

76. **The President** said that as with the Sustainable Development Goals, implementation was a crucial component of all attempts at poverty eradication.

*The meeting rose at 12.50 p.m.*

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# Economic and Social Council

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8 June 2017

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**2017 session**
28 July 2016-27 July 2017
Integration segment

**Summary record of the 28th meeting**
Held at Headquarters, New York, on Wednesday, 10 May 2017, at 3 p.m.

*President*: Mr. Munir (Vice-President) ..... (Pakistan)

## Contents

Agenda item 8: Integration segment (*continued*)

*Panel discussion: "Bringing the Economic and Social Council system together"*

*Panel discussion: "A multi-stakeholder approach: Roles, responsibilities and results"*

*Closing of the segment*

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17-07561 (E)

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*In the absence of Mr. Shava (Zimbabwe), Mr. Munir (Pakistan), Vice-President, took the Chair.*

*The meeting was called to order at 3.10 p.m.*

*Panel discussion: "Bringing the Economic and Social Council system together"*

1. **Mr. Harris** (Assistant Secretary-General and Head of the New York Office of the United Nations Environment Programme), moderator, said that poverty manifested itself in many ways: lack of income, lack of access to services or opportunities, substandard access to health or education, food and nutrition insecurity, and heightened dependency on natural resources or the vicissitudes of informal activity. In addition, poor people were vulnerable to shocks: economic shocks, such as loss of income or employment, the impact of inflation, or a fall in commodity prices, and physical shocks such weather-related events, climate change and soil erosion. All those shocks could reverse the precarious gains that poor people had made in improving their livelihood and moving towards prosperity.

2. Policies that only addressed one dimension of poverty were inadequate. Most policies of the last two decades had focused on income poverty exclusively; they had been predicated on the assumption that if incomes rose the rest would fall into place, and the belief that the best way to raise incomes was to intensify and accelerate economic growth. However, economic growth did not always translate into better incomes for all, and gender disparity and unequal income distribution marred even strong overall growth. Under the Millennium Development Goals, poverty-eradication policies had not sufficiently focused on patterns of growth, or its inclusivity or sustainability; nor had they adequately addressed the issue of access to services. Often, because of a lack of government resources, even those with high incomes were unable to access essential services such as health care and education. Poor people tended to work in the informal economy, which made them vulnerable in different ways: for example, a farmer who could not access a market because of a washed-out rural road could not sell his produce. Those kinds of vulnerability were not reflected in statistics such as gross domestic product (GDP) or overall economic growth, but if the lives of the poor were linked to the natural environment, that must be taken into consideration in the development of poverty-reduction policies.

3. The 2030 Agenda for Sustainable Development was a more integrated platform than the Millennium Development Goals and allowed for a better understanding of the interlinkages between interventions and developments in different areas. However, policy integration was difficult, hence the theme of the 2017 integration segment of the Economic and Social Council: making the eradication of poverty an integral objective of all policies. During the current discussion the Council would seek to determine whether poverty eradication was an integral element of all policies already and, if so, to decide how that was demonstrated. In addition it would discuss whether current policies to address poverty responded to its multidimensional nature.

4. He asked the panellists to describe how their commission or subsidiary body had addressed the overall theme of the Economic and Social Council for 2017, namely eradicating poverty in all its forms; how it had addressed the issue of making poverty eradication an integral component of all policies; what conclusions it had drawn from its deliberations and what lessons could be learned from its work, and how those could best be transmitted to the high-level segment and the high-level political forum on sustainable development.

5. **Mr. Donoghue** (Permanent Representative of Ireland to the United Nations, and Chair of the Commission on the Status of Women at its sixty-second session), panellist, said that at its sixty-first session the Commission on the Status of Women had considered women's empowerment in the changing world of work. It had used that opportunity to build synergies with the Council's theme of making poverty eradication an integral objective of all policies. In addition to working to close gender gaps and improve working conditions for women, the Commission had examined the impact of changes brought about by innovation, technology, increasing human mobility and informality on women's right to work, and their rights at work, as well as on the status of the commitments to decent work and to full and productive employment. It had concentrated on the persistence of the feminization of poverty. The deliberations of the Commission had left no doubt that poverty impeded the empowerment of women and progress towards gender equality, which, in turn, were crucial to progress towards all the Sustainable Development Goals. It had concluded that poverty eradication required policies that were targeted to reach all women suffering from multiple, intersecting forms of inequality, discrimination or marginalization.

6. At its sixty-first session the Commission had concluded that women's full and equal participation and leadership in the economy was vital for achieving sustainable development, ending poverty in all its

forms everywhere, and ensuring the well-being of all. In its assessment of gaps and challenges, the Commission had included discriminatory norms that made women and girls more vulnerable to poverty. Current poverty measures did not adequately reflect women's vulnerability to poverty because of the inadequacy of the data available, including on income distribution within households. It had identified major gender gaps that increased women's vulnerability, including gaps related to wages, incomes, pensions, social security, workforce participation, recruitment and retention, unpaid care work and access to productive resources. The Commission had concluded that action was necessary in seven key areas to address those gaps and challenges; it had made corresponding policy recommendations to Governments and other stakeholders, which would contribute in an integrated way to poverty eradication. It had recommended that normative, legal and policy frameworks to tackle gender-based discrimination and the persistent work-related structural barriers should be strengthened; education, training and skills-development for women and girls should be strengthened; economic and social policies for women's economic empowerment should be implemented; informal work should be addressed with a view to improving the situation of women in informal work and, specifically, the mobility of informal women workers should be addressed; digital and technological change should be managed for women's economic empowerment; the collective voice of women and women's leadership in both the public and private sectors should be strengthened; and lastly, the private sector should take on a greater role in the economic empowerment of women.

7. With regard to making poverty eradication an integral objective of all policies, the Commission had consistently called for increased support for institutional mechanisms that facilitated gender equality and the empowerment of women and girls at all levels. It had pressed for national mechanisms to be at the highest possible levels of government and to have sufficient funding, in order to ensure that a gender perspective was mainstreamed across all relevant local and national institutions, and that national planning, policy formulation and implementation, budgeting and institutional structures contributing to achieving gender equality and combating poverty among women and girls. The Commission had also consistently raised the need for greater investment to close resource gaps for gender equality. It had highlighted the key role that civil society groups must play in eradicating women's poverty, and the need to engage men and boys as agents and beneficiaries of change. The Commission had called for improved collection, analysis and dissemination of gender statistics and data on the formal and informal economies, women's poverty, income and asset distribution within households, unpaid care work, women's access to and ownership of assets and productive resources and women's participation at all levels of decision-making.

8. With regard to lessons that could be learned from its work, the Commission had called for evaluations of gender equality and the empowerment of women to be part of national, regional and global reviews of the implementation of the 2030 Agenda. On the basis of the conclusions reached at its sixtieth session, it had contributed a roadmap on gender-responsive implementation, providing advice and recommendations for consideration by the Council and the high-level political forum on sustainable development. The upcoming voluntary national reviews at the July 2017 high-level political forum would provide the relevant Member States with an opportunity to demonstrate how they were incorporating gender equality and women's empowerment into their poverty eradication efforts and into their strategies for achieving the other goals under review.

9. **Mr. Charwath** (Deputy Permanent Representative of Austria to the United Nations, and Chair of the Commission for Social Development at its fifty-fifth session), panellist, said that the Commission for Social Development traditionally focused on four social groups: youth, persons with disabilities, older persons and families. The theme of "leaving no one behind" of the 2030 Agenda had made its work all the more relevant. In 2016 it had affirmed that it would contribute to the follow-up to the 2030 Agenda by supporting the thematic reviews of the high-level political forum, and that it would report on social aspects of the integration of poverty eradication into all policies.

10. The Commission had chosen as its priority theme for its 2017-2018 review cycle "Strategies for eradicating poverty to achieve sustainable development for all", and as its "emerging issue" it had chosen "Promoting integrated policies for poverty eradication: Youth Development in the 2030 Agenda"; in keeping with the theme of leaving no one behind, it would also focus on poverty and disability. All those themes were closely aligned with the annual theme chosen by the Economic and Social Council and the high-level political forum on sustainable development. However, the Commission for Social Development operated on a two-year cycle, meaning that it would maintain the same themes in 2018, whereas the Council and the high-level political forum, which operated on a yearly

cycle, would have new themes. Cycle misalignment was a perennial problem that should be resolved.

11. The Commission had reached a number of conclusions at its last session: economic growth alone was not enough; policy interventions were needed to turn growth into pro-poor growth and reduce inequality. Human dignity remained at the heart of its work. It was important to examine absolute and relative definitions of poverty as well as absolute and relative inequality, both within and amongst countries. Data, particularly disaggregated data, was of paramount importance for monitoring and evaluation. Investment in people would lay the foundations for decent work and labour-generating growth. Therefore, it was important to ensure universal access to education and provide tailored education programmes, including vocational training, and to fight youth unemployment. Sectoral support and public works schemes could play a short-term role in fighting unemployment. In the long term it was necessary to build resilience to lift people out of poverty, through investment in health care and social protection. Since fiscal policies often had more impact than employment or social policies, an integrated policy approach across all policy areas and levels of government was called for. Institutions and government entities must be capable; political will and a wide societal consensus that poverty eradication was essential were prerequisites, as taxpayer money funded institutions and public policies. Inequalities within countries and economic areas, and the mutually reinforcing forms of exclusion often faced by women, youth and persons with disabilities should be tackled. Youth and disability must be mainstreamed into poverty eradication policies at the national level and within the United Nations system. The groups to be affected by policies must be included in policy design, and there was no one-size-fits-all approach to policy development.

12. The Commission for Social Development had adopted an inclusive approach over the last year: Member States and civil society organizations had participated in its deliberations and it had held numerous panel discussions. That inclusivity needed to be carried over to the work of the Council on the ground.

13. It would be beneficial for the Commission to produce an outcome document rather than only individual resolutions; currently the outcomes of its deliberations were not transmitted to the Economic and Social Council in a clear, systematic way. Failing that, its resolutions should be more directly related to the annual theme of the Economic and Social Council.

14. **Ms. Popescu** (Counsellor, Permanent Mission of Romania to the United Nations; and Vice-Chair of the Commission on Population and Development at its fiftieth session), panellist, said that at its fiftieth session, the Commission had emphasized that taking account of changing population age structures as part of development planning was essential for achieving the 2030 Agenda, including the eradication of poverty. Globally, the population was aging, primarily as a consequence of a reduction in the global birth rate. Initially the population would be concentrated in the working ages, followed eventually by a large but gradual increase in the number of older persons. The swelling of the working-age population, accompanied by slow or no growth in the number of children and youth, yet before the older population had substantially increased, was a phenomenon that would last for several decades and that would provide a window of opportunity for rapid development driven by accelerated growth in per capita income, owing to the favourable balance of workers to dependents.

15. Such accelerated growth could be key to ending poverty in many countries, provided the existence of various preconditions. Countries with high levels of fertility and youthful populations could usefully implement policies that were aligned with specific Sustainable Development Goals and targets and which included, inter alia, ensuring universal access to sexual and reproductive health-care services and reproductive rights. At its fiftieth session, the Commission had drawn attention to policies which, although intended for other purposes, could benefit countries with intermediate or advanced stages of population aging, such as promoting female labour force participation and productive employment, and ensuring access to affordable child care and parental leave for both parents. Countries with aging populations should promote the health and well-being of older persons, including by investing in education and health throughout the life-course and ensuring the financial sustainability of social security and pension systems. The Commission had acknowledged the gender dimension of such policies, and, in keeping with target 4 of Sustainable Development Goal 5, there had been calls for pension systems to value unpaid care and domestic work when determining eligibility criteria and benefit levels.

16. In addition, delegations had highlighted the importance of investing in education and health, including sexual and reproductive health, and of promoting gender equality and women's empowerment. Investment in those areas was vital for the potential economic benefits of changing population

age structures to be realized, and for sustainable development in general. There had also been broad agreement on the need to promote youth employment and to meet the needs of older persons, who, along with children, adolescents and youth, constituted a vulnerable group requiring particular attention.

17. **Mr. Ocampo** (Professor of Professional Practice in International and Public Affairs at Columbia University, and Chair of the Committee for Development Policy), panellist, said that the Economic and Social Council, including its commissions and expert bodies, should function as a system to implement the Sustainable Development Goals. The Committee for Development Policy had chosen to focus its deliberations in 2017 on the least developed countries. It had examined countries' productive capacity, specifically that of countries that had graduated from the least developed country category or made significant development progress. Transformation of the productive structure had emerged as the common factor underlying successful development. Structural transformation generated economic growth, which in turn generated public sector resources, which were essential for social policies and social protection more broadly.

18. With regard to the theme of the integration segment of the Economic and Social Council, the Committee had identified five areas of policy that were essential for graduating from the least developed country category: development governance — how the State, with the private sector, organized a country's development; policies that created productive synergies between social outcomes and productive capacity; macroeconomic and financial policies that supported the development of productive capacity and increased resilience to external shock; industrial and sectoral policies; and international support — through trade, official development assistance (ODA) and international tax cooperation. Although the Committee did not address employment explicitly, it was the essential link between economic development and people's well-being, and was implicitly under consideration in all of its deliberations.

19. The primary lesson the Committee had learned was that different countries needed to follow different paths to development. It had identified three development models followed by least developed countries of different sizes and with different vulnerabilities. The vulnerability of least developed countries could be economic: a consequence of specialization, which concentrated a country's resources in a single area, or vulnerability to climate change or as a result of geographic isolation.

20. The first development path was generally followed by countries that were developing due to exploitation of their natural resources. They often lagged behind in terms of human assets accumulation. While becoming rich economically, they remained poor in social development terms. They needed to channel more of the income generated from natural resource exploitation into ensuring human asset accumulation. In addition, those countries must contend with the environmental damage associated with natural resource exploitation in order to be successful in the long term.

21. Countries in the second group were small and had successfully transformed their productive structures. Human assets accumulation and institution-building had enabled them to develop industries like tourism, and others linked to the small island status of some of them such as fishing. However, those countries were vulnerable: economically, due to a lack of economic diversification, and environmentally — they were threatened by climate change and the potential to lose the natural resources on which they depended.

22. Countries in the third group were larger and had undergone structural transformations leading to more diversified economies, with high productivity, manufacturing and services. Agricultural development was crucial for those countries, and particularly for the poor, most of whom depended on agriculture for their livelihoods. For those countries, the accumulation of human assets and further diversification were essential.

23. International support was critical for all three groups of countries. ODA must be well managed by the national authorities; that was part of the development governance that countries needed in order to succeed. Lastly, taxation, particularly corporate taxation, was necessary for development and low rates of taxation could undermine development.

24. **Mr. Ocampo** (Professor of Professional Practice in International and Public Affairs at Columbia University, and Chair of the Committee for Development Policy) said that the Committee for Development Policy addressed employment, and specifically the quality of employment. Growth and structural transformation were key to generating good employment. The aging of the population had a significant bearing on development, but perhaps even more important was the rapid population growth in sub-Saharan Africa. It was a major constraint on the development of many least developed countries and should be at the centre of development policies.

25. **Ms. Messmer Mokhtar** (Observer for Switzerland) said that the functional commissions of the Economic and Social Council all had an important

role to play in the thematic review that would take place at the high-level political forum on sustainable development and in the review of the agenda in general. In addition to its annual theme, every year the high-level political forum focused on a group of Sustainable Development Goals and their interlinkages with the rest of the agenda. She asked how the expertise and contributions of the different commissions in relation to the specific goals to be reviewed would be taken into account at the high-level political forum.

26. **Ms. Saran** (South Africa) said that it was clear that women faced many obstacles, including a lack of access to education and employment and gender-based violence. Considering that women made up more than half the world's population and more than 70 per cent of the world's poor, and in view of the current theme, she wondered what more the United Nations system could do, together with Member States, to enhance the quality of women's lives and address the issue of women's poverty.

27. **The President** asked the panellists whether chairs' summaries or negotiated outcome documents provided a better model for transmitting messages from commissions to the Economic and Social Council.

28. **Mr. Donoghue** (Permanent Representative of Ireland to the United Nations, and Chair of the Commission on the Status of Women at its sixty-second session) said that Member States often felt that chairs' summaries were not legitimate because they did not accurately reflect deliberations. In addition, while negotiated outcome documents sometimes only contained the lowest common denominator, it was often possible to reach consensus on surprisingly tough language.

29. **Mr. Charwath** (Deputy Permanent Representative of Austria to the United Nations, and Chair of the Commission for Social Development at its fifty-fifth session) said that negotiated outcome documents provided a basis for policy development because they reflected consensus, whereas chairs' summaries only reflected one perspective.

30. With regard to ensuring that their contributions were taken into consideration at the high-level political forum, the commissions' mandates, while related closely to the Sustainable Development Goals, were broader than any specific goal. In addition, the two-year cycle of the commissions' work meant that their work was not always aligned with the work of the Council; for that reason, a one-year cycle was preferable.

31. With regard to the severe discrimination suffered by women, Sustainable Development Goal 5, on gender equality, was mainstreamed throughout the rest of the 2030 Agenda. The Commission on the Status of Women had the main role to play in empowering women, and the other commissions would make contributions related to their specific mandates.

32. **Mr. Ocampo** (Professor of Professional Practice in International and Public Affairs at Columbia University, and Chair of the Committee for Development Policy) said that the Committee for Development Policy also had negotiated outcome documents, although it was a group composed of experts rather than a functional commission. It also produced analytical studies that related to the major issues dealt with by the Council.

33. The commissions and expert bodies used the agenda for the high-level political forum to guide their work. However, if the high-level political forum was to convey a strong message, it must focus on specific issues. Useful areas of focus would be determining what kinds of international cooperation would support achievement of the Sustainable Development Goals, and what major gaps needed to be bridged.

34. **Mr. Harris** (Assistant Secretary-General and Head of the New York Office of the United Nations Environment Programme) proposed that the 2030 Agenda could be discussed in detail at the regional consultations organized by the regional commissions in order to allow for more selectivity in the topics discussed at the global level.

35. **Ms. Popescu** (Counsellor, Permanent Mission of Romania to the United Nations; and Vice-Chair of the Commission on Population and Development at its fiftieth session) said that it was important to have an outcome document. There was no outcome document from the fiftieth session of the Commission on Population and Development because Member States had not been able to reach agreement on various important issues, such as sexuality education. However, the Commission had nevertheless been able to contribute to the discussion of the Council and the high-level political forum, since it had adopted decisions on certain matters, such as the special themes for its 2018 and 2019 sessions and the alignment of the Commission's cycle with the high-level political forum cycle.

36. **Mr. Harris** (Assistant Secretary-General and Head of the New York Office of the United Nations Environment Programme) said that the challenge of policy integration was to find ways in which economic or social policies designed to support gender equality,

for instance, could also facilitate employment creation, in order to reduce youth unemployment. The discussion had made it clear that the different bodies of the Council all had common objectives: achieving growth to eradicate poverty, but specifically growth that was inclusive, would empower women, redress inequality, generate employment and build resilience. The shared goals provided grounds for strong collaboration and cooperation between the different functional commissions of the Council. While it was difficult for Governments to develop integrated policy approaches from the ground up, increased cooperation by the Council would enable the Organization to provide better policymaking guidance to Member States. If the common objectives were raised at the high-level political forum, the international community could give guidance to each of its members on how to move forward with those issues.

*Panel discussion: "A multi-stakeholder approach: Roles, responsibilities and results"*

37. **Ms. Ordóñez** (Research and Partnership Coordinator of Southern Voice), moderator, said that partnerships were about building trust between the different actors who would bring the 2030 Agenda to fruition. Southern Voice, a network of research centres in the Global South, was itself a partnership, which brought researchers from across the developing world together to discuss implementation of the Sustainable Development Goals.

38. In order to guide the panel discussion, she asked participants to consider what policy requirements were needed to make partnerships successful, what role the Economic and Social Council could play in creating norms that promoted partnerships, and what sort of partnerships would be most useful for poverty eradication.

39. **Ms. Labelle** (Chair of the Independent Advisory Board for Senate Appointments, former Secretary of State of Canada and former President of the Canadian International Development Agency), panellist, highlighted the importance of achieving the Sustainable Development Goals, ensuring that ODA targets were met and tackling illicit financial flows. Economic power must not be concentrated in the hands of the few, whose views often collided with those of the poor.

40. Multi-stakeholder approaches were of value because they brought the right kinds of expertise together; built ownership of decisions; ensured that policies were more relevant, particularly when the citizens to be affected were involved; built trust between institutions and Governments; and, if properly managed, increased transparency and accountability. Prerequisites for successful multi-stakeholder partnerships included respect for diversity and for others' points of view. All stakeholders, including businesses, civil society organizations, government entities and academics, should, to the extent possible, participate in every decision taken in partnerships.

41. Projects carried out under the United Nations Global Compact, notably in the field, had demonstrated the value of multi-stakeholder approaches. At the international level, much work had been done by the United Nations, the international financial institutions, the Organisation for Economic Co-operation and Development and the European Union. Those organizations must continue to play an important role in implementing multi-stakeholder partnerships. The following were three examples of successful multi-stakeholder partnerships.

42. A number of years previously Guatemala had been haemorrhaging funds due to illicit financial flows; at the request of the Government, Global Financial Integrity, a non-governmental organization (NGO), had conducted an analysis and followed up with a series of recommendations concerning such areas as registration of beneficial owners, transfer pricing, tax evasion, transparency in procurement and automatic exchange of tax information. With the support of Global Financial Integrity, the Government had implemented the majority of the proposed measures. Notably, it had developed a mechanism for automatically checking the prices of goods and resources around the world, so that it would not be readily taken advantage of in trade deals. Strong and sustained country leadership had been the key to its success.

43. At the regional level, the Bill and Melinda Gates Foundation had collaborated with the African Capacity-Building Foundation to advance evidence-based tobacco control policies. Working with the African Capacity-Building Foundation had enabled the Gates Foundation to bring together a range of stakeholders including the World Health Organization, the Campaign for Tobacco-Free Kids, the Centre for Tobacco Control in Africa, economic think tanks, two South African universities, the Government of Senegal, as well as civil society organizations in a range of countries. The resulting network supported civil society organizations to work with their national governments. As a result of the partnership various African countries had, through court battles, preserved their right to protect the health of their citizens. In that partnership the use of data was critical, as was the

involvement of economic think tanks, which had managed the data.

44. Lastly, as national Governments had been devolving power over resources and services to local governments, problems had become apparent, notably the inherent risk of multiplying corruption, as local politicians were apt to want to award contracts or ensure the provision of services to their friends and neighbours. Transparency International had developed a set of comprehensive guidelines for local governance integrity, touching on every aspect of local governance including elections, contracts for service provision, land regimes and policing. Working through its chapters in over 100 countries around the world, Transparency International had been engaging with local governments to gradually enact the guidelines, bringing in other organizations as required to support work in specific areas.

45. **Ms. Kilcoyne** (Director of Government Affairs International at GlaxoSmithKline), panellist, said that three GlaxoSmithKline partnerships with non-traditional partners were worth highlighting as successful models that should be replicated. Every private company had strengths on which it sought to build its partnerships; as a health-care company GlaxoSmithKline focussed on improving access to health care and education. It currently had over 12,000 active partnerships, mainly in the area of research and development. Its partnerships were not entirely philanthropic, but mutually beneficial.

46. Four years ago GlaxoSmithKline had entered into a partnership with Save the Children with the goal of saving the lives of one million children. They had established country programmes in the Democratic Republic of the Congo and Kenya, and would establish additional programmes in other countries. So far the partnership had allowed GlaxoSmithKline and Save the Children to reach approximately 1.3 million children through immunization, education of community health care workers, and the joint creation of a product called chlorhexidine, which was used to eliminate infection of the umbilical cord, a major cause of infant death in resource-poor settings. GlaxoSmithKline and Save the Children had made progress in the areas of nutrition, maternal and neonatal health, and advocacy. The partnership was drawing to an end, but both had agreed to continue their work.

47. In another partnership, GlaxoSmithKline and PATH had co-developed the first-ever candidate vaccine for malaria. Early tests had proven that the vaccine was safe and effective. The partners were gradually working through outstanding issues with the vaccine. Recently, The Global Fund and Gavi (the Global Alliance for Vaccines and Immunisation) had agreed to fund the pilots, due to take place shortly.

48. The importance that GlaxoSmithKline attached to sustainability was best exemplified by its 20 per cent reinvestment programme. It worked with NGOs CARE International, Amref Health Africa and Save the Children to reinvest 20 per cent of the profits made in least developed countries back into health-care infrastructure in those countries. While the amount varied depending on the country, the commitment was sustainable. The funding went to educating community health-care workers through its partner organizations, who, with the relevant government entities, ensured that the programmes made an impact.

49. GlaxoSmithKline had eight criteria for partnerships: sustainability, political will, feasibility of financing, a common agenda, metrics, mutually-reinforcing activities, agreement from the top and alignment throughout the organization, and continuous communication within both of the organizations. GlaxoSmithKline was currently seeking to use advocacy to generate policy dialogue in support of the Sustainable Development Goals. Education was vital to achieving the Goals and the role of the private sector must be defined.

50. **Mr. Montes** (Senior Advisor at the South Center), panellist, said that the South Center was a Geneva-based think tank which supported developing countries through research and technical support. National Governments, government institutions, the United Nations and its various specialized agencies and subsidiary bodies, and the private sector each had distinct roles to play in multi-stakeholder partnerships to eradicate poverty.

51. However, the private sector's role was problematic. Economist Milton Friedman had written that in a free society business only had one social responsibility: to use its resources and engage in activities to increase its profits, so long as it engaged in free and open competition without deception or fraud. Friedman had been sceptical about the social responsibility of business, which could introduce inefficiencies, be used as a false justification of businesses' self-serving behaviour, or lead to coercion. Any business decision should be justified by increased profits.

52. Real life was more complex, however: in most societies and in the international sphere, business had enormous influence over rule-making and processes of choosing officials. The private sector also influenced policy through grants made by private foundations. In

view of the strong influence the private sector had on social decisions, there was a space for corporate social responsibility. Yet there was also space for scepticism regarding the social priorities of business, given that oversight of the process of their determining priorities was limited.

53. If the objective was to enlist the support of business for the achievement of Goal 1 of the Sustainable Development Goals, poverty eradication, then safeguarding democratic decision-making and respecting human rights must be seen as integral to all activities by the business sector and State agencies. All stakeholders, not only businesses, must be fully represented in social decision-making in the national context.

54. The first means of achieving Goal 1 was ensuring sufficient mobilization of resources from a variety of sources. In that regard, the private sector had an important role to play in creating jobs. It must do so in a profit-oriented manner, which would ensure that the jobs were sustainable; Governments must not subsidize private-sector job creation. States should mobilize resources for poverty reduction programmes and engage in international cooperation, such as tax cooperation. Businesses had a key role to play through their tax contributions. They could also participate in public-private partnerships, in which they would take on a share of the financial risk involved in social projects.

55. The second means of implementation was the creation of sound policy frameworks. To create such frameworks, States must set priorities and have the power to regulate. States in the United Nations system must safeguard their independence in decision-making on behalf of all stakeholders. They could provide subsidies to private sector actors in exchange for performance in priority areas. Tax incentives could increase transparency: for example, Governments could give tax incentives to businesses, such as reduced taxes in exchange for hiring local people or buying local goods. That would be better than giving profit-based tax incentives, which encouraged companies to shift profits to lower-tax jurisdictions.

56. In terms of the number of people employed and its contribution to the economy, the farming and food production sector was the biggest private sector in developing countries. It was heavily disadvantaged by inadequate investment in productivity increases. Greater investment was required to protect it from import competition from subsidized agriculture in the United States of America and European Union agricultural programmes. That private sector had a critical role to play in poverty eradication and should therefore be promoted and developed; the alternative was reliance on foreign investment for poverty reduction.

57. **Ms. Ordóñez** (Research and Partnership Coordinator of Southern Voice), summarizing, said that partnerships made decision-making processes more complex. It was important that the United Nations system should not have a prescriptive view of the form partnerships should take. Rather, it should create an enabling environment that encouraged partners to develop innovative ways of working together. She asked the panellists how the Economic and Social Council and the United Nations as a whole could create such enabling environments and encourage diverse partnerships to flourish.

58. **Ms. Labelle** (Chair of the Independent Advisory Board for Senate Appointments and former Secretary of State of Canada and former President of the Canadian International Development Agency) said that the United Nations should lead by example and involve all the relevant stakeholders in its decision-making. That would prove that multi-stakeholder partnerships were not only possible, but useful.

59. The Economic and Social Council and other United Nations bodies should publish information about the partnerships they were engaged in as a means of inspiring and sharing ideas with States and regional organizations.

60. **Ms. Kilcoyne** (Director of Government Affairs International at GlaxoSmithKline) said that the United Nations could use its convening power to add value. It was able to bring together diverse stakeholders who otherwise might not realize that they had common goals. Advocacy was also important; the United Nations was already creating spaces for dialogue in support of the Sustainable Development Goals, but it could do more in that regard.

61. **Mr. Montes** (Senior Advisor at the South Center) said that due to the stagnation of core funding over the past two decades, the specialized agencies of the United Nations were increasingly relying on donor funding for their projects. Donors' obligation to state exactly what their donations were being used for restricted the ability of the United Nations to experiment and meant that its agenda must remain narrow. The private sector had undue influence over the social agenda: for instance, tobacco companies that funded the World Health Organization considered that the issue of tobacco control should also entail finding jobs for those who would be put out of work by tobacco companies closing. The Member States must

pay their dues to the United Nations in order to restore core funding so that the United Nations would be able to shape its own agenda without heavy private sector influence.

62. **Ms. Ordóñez** (Research and Partnership Coordinator of Southern Voice) said that it was necessary to think about the long-term agenda, and doing that required the participation of many more voices. It was important to show the world that the United Nations was thinking of partnerships not only in relation to specific projects but also in relation to a long-term shaping of the agenda.

*Closing of the segment*

63. **Mr. Gass** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs), delivering a statement on behalf of the Under-Secretary-General for Economic and Social Affairs, said that the current session of the integration segment had succeeded in forging discussion on a holistic approach to poverty eradication globally and had provided a good lead-in to the high-level political forum on sustainable development and the high-level segment of the Economic and Social Council. The integration segment had emphasized that progress must be achieved across all of the Sustainable Development Goals if poverty was to be eradicated in a sustainable and inclusive manner. Integrated approaches allowed for maximization of the synergies between the economic, social and environmental dimensions of sustainable development and limited potential trade-offs. Social policies had been crucial in fighting poverty and would continue to be pivotal in making social inclusion a reality. However, they must be combined with fiscal, monetary and financial, trade, industrial and labour policies, which all affected poverty and inequality. Implementation of such integrated policies required strong leadership from all stakeholders.

64. The interconnectedness of the phenomena that affected people's lives in a globalized world meant that collective action and integrated policy solutions were necessary at both the national and international levels. In addition, an integrated approach to the internationally agreed and mutually reinforcing roadmaps, including the Addis Ababa Action Agenda and the Paris Agreement, was needed. The United Nations would address that challenge by strengthening inter-agency collaboration; the Council, specifically, would deepen its analysis on collaboration at the upcoming high-level political forum and at its high-level segment. The Department of Economic and Social Affairs stood fully ready to support improved collaboration. The United Nations as a whole was an important partner for countries, particularly when it came to global challenges requiring collective action, but it must do even better.

65. To eradicate poverty sustainably and in a truly integrated manner, it was necessary to enhance management and coordination practices, align funding practices globally and nationally to the goal of poverty eradication, reinforce partnerships and foster innovation; inter-agency and intergovernmental processes should also be strengthened, to help the United Nations to deliver as one. The Department for Economic and Social Affairs would continue to engage with new partners and explore innovative ways to help those in need within a strong institutional framework.

66. **The President** said that the main messages to take away from the meetings of the past few days were that the 2030 Agenda was at the heart of the 2017 integration segment; it called for a multi-stakeholder approach to guide policy formulation on poverty eradication. Speakers had emphasized the importance of policy coherence, highlighting the interlinkages between social protection and other economic policies, and recalled that sustained efforts towards peace and development must guarantee that achievements were not reversed by various forms of vulnerability. Inclusive policies were an absolute must if no one was to be left behind. Empowering women, educating and training youth and protecting smallholder farmers against disaster were all fundamental to the shared goal of eradicating poverty and propelling sustainable, inclusive development.

67. The need to mainstream poverty eradication in the work of the United Nations, including that of its funds, programmes and specialized agencies, had been emphasized. The United Nations must intensify its efforts to promote multilateralism and make the best use of its convening power. The regional commissions played an important role in supporting policy integration to eradicate poverty. The Economic and Social Council could be instrumental in conceptual leadership on policy integration; specifically, it could lead the proposed United Nations inter-agency task force to guide policy integration. At the session on national experiences, the need for increased human resource development and baseline data collection had been raised.

68. There had been an across-the-board emphasis on the need for integrated poverty reduction policies, which needed to be inclusive and transparent in their design, with an emphasis on knowledge sharing. Innovative instruments for poverty eradication had been discussed and participants had learned how "big

data" could provide real-time support to policymakers, and how experiences of empowering rural communities in South Asia could lead to improvements in people's livelihoods, to ultimately benefit national development.

69. Several current trends, including rapid economic growth, were conducive to successful implementation of the 2030 Agenda in Africa. However, economic growth in many African economies had not fully translated into poverty reduction. There was a need for policies and strategies to ensure that growth was inclusive and sustainable; critically, it was necessary to tackle illicit financial flows in order to foster sustainable development. A paradigm shift was needed with regard to resource mobilization for African development, in view of the reduction in ODA and other sources of financing, and the emergence of new development partners.

70. Co-chairs of the subsidiary bodies of the Economic and Social Council had showcased the full range of expertise that they had to offer, including on gender, women's empowerment, persons with disabilities, youth under-employment and the issue of ageing and the demographic dividend. Employment implicitly linked those various elements, which were crucial for poverty eradication. Making the Economic and Social Council system work in support of implementation of the Sustainable Development Goals would be key. It was necessary to strengthen collaboration between the functional commissions, including by aligning their work cycles with that of the Council, in order to better inform policymaking by Member States.

71. Citizens' participation was important, to build capacity and collect evidence on the ground. It had been noted that trust was essential to public-private partnerships and innovative models of collaboration. To that end, roles, responsibilities and results needed to be clarified. Respect for human rights and fostering inclusive decision-making should underpin a multi-stakeholder approach to achieving Sustainable Development Goal 1 and its targets. Joint work on implementation of the 2030 Agenda was just beginning.

*The meeting rose at 5.30 p.m.*